The Judas Swing

Tuesday, December 17, 2013 12:52 PM

Judas Swing: an "engineered" price swing meant to lead reactionary traders into the wrong direction.

- It is typically a false rally higher that appears initially to emotional traders as the next big run in price.
- Many traders follow the Judas Swing and find themselves trapped on the wrong side of the market.



- Everyone got excited about the swing up out of the Asian Range and then price plummeted.
- There are 2 Judas Swings on the 2nd day in this image. The 2nd Judas Swing is the raid on the stops from traders that got short on the initial Judas Swing.
- The 3rd day got everyone excited thinking that it was going to be a short for the day and then price moves up for the day. Notice how price gets just low enough to take out the stops from the previous day low.
- The Judas Swing is essentially a stop raid move that surges in one direction and many times trades right into:
  - Key S/R level
  - Previous high or low
  - Counter-swing to form OTE
  - Raid of the previous week high
  - Raid of the previous week low
  - Raid of the previous session stops
- When we have the probable direction on the overall trading day, we actually wait for the Judas Swing to lead the "street money" to us.. for the kill.